

Prepared by the Treasury Office
This amends A8.731 dated January 2000.

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A8.700 Treasury

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A8.731 Delinquent Financial Obligations

1. Purpose

This procedure is based on Hawai'i Administrative Rules, Chapter 20-10, adopted by the Board of Regents on December 12, 1974 and amended as of December 12, 2002.

2. Applicability

This directive applies to all campuses of the University of Hawai'i.

3. General Statement of Policy

If a person has incurred a financial obligation to the University and payment is overdue, the University shall impose sanctions as it may deem appropriate.

4. Definitions

Delinquent means being past due on a payment or other financial obligation or failing to pay for a financial obligation by the published or agreed upon date.

Sanctions are penalties, which the University may impose when a financial obligation becomes delinquent.

Hearing officer is a person designated by the chancellor to preside over a hearing.

5. Categories of Delinquent Financial Obligations

A delinquent financial obligation shall be deemed to exist when payment is past due or not made by the published or agreed upon date, provided that notice of the financial obligation has been made known to the person with the

exception of those contracts, which state that such notice is not required.

a. Overdue Contractual Obligations. These obligations include but are not necessarily limited to:

- 1) Loan payments; Payments on promissory notes, which include payments of loan principal and interest on short-term loan and long-term loan promissory notes. Applicable collection agency costs, court costs, attorneys' fees and any other costs incurred to recover the financial obligation may be added to the amount due on the loan obligation;
- 2) Tuition or other mandatory fees, or both;
- 3) Payments for rent, including but not limited to student housing room and board, rental of facilities and equipment for which the person acted for himself or as an agent for a registered campus organization; or
- 4) Payments for any tuition assistance, including tuition waivers where the person did not or does not fulfill any eligibility criteria, terms, or conditions of the agreement which were the basis of the award.

b. Overdue Payments for Goods or Services Provided, Fines, or Service Charges. These charges include but are not necessarily limited to:

- 1) Library fines;
- 2) Parking and traffic fines;
- 3) Service charges for dishonored checks; or
- 4) Other non-tuition charges.

c. Overdue Payment of Restitution for Unreturned, Lost, Damaged or Misused University Property. These charges include but are not necessarily limited to:

- 1) Laboratory losses or breakage;
- 2) Locker, dormitory, or building keys;
- 3) Library books; or

4) Destruction or damage to property.

d. Overdue Payment of Financial Aid. These charges include payment of financial aid when the person fails to meet any eligibility criteria, term, or condition of the financial aid.

6. Notification of Delinquent Financial Obligation

a. When any payment on a financial obligation is delinquent, and the University has made reasonable efforts to collect the financial obligation, the department shall forward the financial obligation to the appropriate business office.

b. The University shall send a letter to the last known address of the person. (See Attachment 1.) Notice shall be presumed to have been received three business days after mailing. The rights of the University to collect outstanding financial obligations and to apply any sanctions listed are not waived by the failure of the person to receive the notification letter.

c. The notification letter shall include the amount owed to the University and the following information:

1) The sanctions the University may impose if the obligation is not paid or arrangements acceptable to the University are not made within fifteen days from the date of the notice;

2) Notice that any person who alleges that a financial obligation has been improperly assessed or who deems a sanction imposed is excessive or unfair may file an appeal;

3) Statement that in addition to all other sanctions, the University may seek redress under the law to recover monies owed to it.

d. The University shall withhold services from persons with delinquent financial obligations, including the denial of registration. The university shall inform the person of the nature and amount of the financial obligation and provide the person with the sanctions the University may impose if the obligation is not paid or arrangements for repayment acceptable to the University are not made;

- e. If the person requests, the University business office shall provide the person with a copy of the applicable appeals procedure and hearing request form.
- f. If the person settles the delinquent financial obligation to the satisfaction of the University, or if the person files the appropriate form requesting a hearing, the University shall permit registration.

7. Application of the Sanctions

- a. Cancellation of registration during the semester or academic session shall be imposed as a sanction provided no properly filed appeal is in process and;
 - 1) Tuition or mandatory fee payments are delinquent and no arrangement acceptable to the University has been made for payment; or
 - 2) The hearing officer has determined that the debt is owed and sanctions are proper.
- b. Denial of further registration may be imposed as a sanction in all other cases of a delinquent financial obligation, which occur prior to registration and for which no appeal has been filed.
- c. Revocation of all rights and privileges which are or were conferred by the act of registration may be imposed as a sanction in all cases and at all times that the person's name is listed on the official record of those who have delinquent financial obligations with the University. These sanctions shall remain in force during the appeals and contested cases processes.
- d. Denial of transcripts, diplomas, and other entitlements may be imposed as a sanction in all cases of delinquent financial obligations. These sanctions shall remain in force during appeals and contested cases processes.
- e. In all cases of delinquent financial obligations, the University may utilize the following procedures to recover monies, which are owed to it:
 - 1) Report delinquent and defaulted amounts, along with other relevant information to credit bureau organizations (contact General Accounting and Loan Collection Office for assistance);

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- 2) Setoff against a person's Hawai'i state income tax refund or any other sums due to the person from the State any amount over \$25.00, which is due and owing to the University (contact General Accounting and Loan Collection Office for assistance);
 - 3) Contract the services of a collection agency to recover monies owed to it, including applicable collection and court costs and attorneys' fees. The collection agency may collect the applicable collection costs as authorized in a written contract with the University pursuant to federal and state law (contact General Accounting and Loan Collection Office for assistance).
 - 4) Initiate legal action to recover the amount which is owed, including appropriate interest, court costs and attorneys' fees (contact General Accounting and Loan Collection Office for assistance)
- f. In addition to all other sanctions, the University may seek redress under the law to recover monies owed to it.
- g. Costs of implementing the sanctions imposed under these rules may be assessed to the person owing the delinquent financial obligation.
- h. Sanctions imposed under these rules shall apply to all campuses of the University.
- i. No sanction shall be imposed upon a person who has filed a petition for relief under Chapter 7, 11, 12, or 13 of the United States Bankruptcy Code, and where the automatic stay is in effect. Supporting documentation to this filing must be presented.
- j. Transcripts, diplomas, and other entitlements shall not be conferred by the expiration of any statute of limitations in all cases of delinquent financial obligations.

8. Hearing Officers

The chancellor of each campus, as appropriate, shall appoint a hearing officer to hear appeals under these rules, except for the administrative hearing officer for set-off hearings under section 9g.

9. Appeal Process

- a. Parking and Traffic Fines. Appeals related to parking and operation of motor vehicles traffic fines are provided in Hawai'i Administrative Rules, Chapter 20-12.
- b. Student Loans. Any person who is deemed to be delinquent in student loan payments may request an informal review with the University's Director of the General Accounting and Loan Collection Office, not later than fifteen days from the date of the notification of financial obligation letter. After the University has imposed sanctions, any person who still believes that the obligation assessed or sanction imposed is excessive or unfair may request an appeal to the Office of the Vice President for Administration and Chief Financial Officer within fifteen days from the date of the informal decision letter. (See Attachment 2.) The hearing officer, appointed by the chancellor, shall hear the case and render a decision within a reasonable time after receiving the request for appeal.

Appeals to the Vice President for Administration and Chief Financial Officer filed after fifteen days from the date of the informal decision letter shall not be considered.

- c. Other Financial Obligations. Any person who believes that a financial obligation (other than an obligation involving parking and traffic matters or student loan matters) was improperly assessed or who deems that a sanction imposed is excessive or unfair may appeal the case to the Office of the Vice President for Administration within fifteen days from the date of notification of assessment of the obligation. (See Attachment 2.) The hearing officer, appointed by the chancellor, shall hear the case and render a decision within a reasonable time after receiving the appropriate form requesting a hearing. The decision rendered by the hearing officer is binding and final within the University.

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Appeals to the Vice President for Administration and Chief Financial Officer filed after fifteen days from the date of the notification of financial obligation letter shall not be considered.

- d. In all contested cases where the person has properly filed an appeal, a notification of the hearing shall be sent to the person by registered or certified mail with return receipt requested, not less than fifteen days before the date of the hearing.
 - 1) The notification letter shall include:
 - a) The date, time, place, and nature of the hearing;
 - b) The legal authority under which the hearing is to be held;
 - c) The particular sections of the statutes and rules involved;
 - d) A statement in plain language of the issues involved and the facts surrounding the alleged overdue financial obligations; and
 - e) The fact that any party may be accompanied by counsel at the party's own expense.
 - 2) The hearing officer shall hear the appeal and render a written decision within a reasonable time and mail a copy of the decision to each party.
 - 3) All hearings under these rules shall be informal in nature. Either party may be represented by counsel of its choice and at its own expense and may summon such witnesses, as it may desire. The findings and conclusions of the hearing officer shall be confined to the facts and equities of the case. The person requesting the hearing need not be present at the hearing. The evidence and arguments may be presented in writing.
 - 4) The hearing officer shall make a finding in each case as to whether the alleged financial obligation exists and both parties shall be bound by the finding within the University.

- 5) The hearing officer, except as provided in section 9.e of this administrative procedure, may also confirm, modify, or cancel any sanctions imposed under these rules, as may be appropriate under the circumstances. All findings of fact and conclusions of law of the hearing officer shall be in writing and shall be effective upon notification of the parties. Hearing officers' decisions shall be final within the University. The parties to the proceeding shall be notified by delivery or mailing of a certified copy of the decision and order.
- e. The chancellor of the campus concerned may extend the time for both appeal and decision for good reasons, provided that no sanction in an appealed case shall be effective until after the hearing officer's decision is rendered, except as provided in section 7.c. of this administrative procedure.
- f. If the hearing officer finds that a delinquent charge for tuition or mandatory fee(s) exists, the hearing officer shall authorize the cancellation of the person's registration. If the delinquent charge is for tuition or mandatory fee(s) for any previous registration, the hearing officer shall authorize the denial of further registration. In both cases additional sanctions may be imposed.
- g. Tax Setoff. Appeals to contest the setoff of a person's delinquent financial obligation against the person's Hawai'i state income tax refund or any other sums due to the person from the State, shall be:
 - 1) Requested in writing not more than thirty days from the date of the notice from the State informing the person of the State's intention to apply the person's debt against his income tax refund or other sums due from the State;
 - 2) Conducted by a duly appointed hearing officer of the University of Hawai'i;
 - 3) Final within the University;
 - 4) Governed and conducted in accordance with Hawai'i Administrative Rules, Chapter 20-10-14 to Chapter 20-10-18, Delinquent Financial Obligations, and

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Hawai'i Revised Statutes, Chapter 91,
Administrative Procedure; and

- 5) Limited to sanctions not previously contested for
which a decision has already been rendered.

10. Time Limitations

Any person who has not satisfactorily resolved his delinquent financial obligation arising from the non-payment of tuition and fees, shall not be entitled to grades, credits, or courses completed for that academic period, regardless of the expiration of any statute of limitations.

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Attachment 1

UNIVERSITY OF HAWAII

Campus: _____
Department: _____

NOTIFICATION OF DELINQUENT FINANCIAL OBLIGATION

Date _____

Our records indicate that you have an outstanding financial obligation of \$ _____.
A copy of your bill is enclosed.

Payment must be made to this office within fifteen (15) calendar days from the date of this notice. A delinquent financial obligation hold has been placed against your account and will remain in place until payment in full is made. Delinquent financial obligations must be cleared before any transcripts or diplomas can be released and/or any future registration will be allowed. In addition to all other sanctions, the University may commence legal action and/or contract the services of a collection agency to recover monies owed. The collection agency may collect the applicable collection costs as authorized in a written contract with the university pursuant to federal and state law.

If you think that this obligation has been improperly assessed, is excessive, or unfair, you may file an appeal. The appeal must be filed within fifteen (15) calendar days from the date of this notice. Late appeals will not be considered. Appeal procedures and form may be picked up at _____.

Thank you for your prompt attention to this matter. Should you have any questions regarding this "Notification of Delinquent Financial Obligation", please call _____.

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Attachment 2

**University of Hawai'i
Notice of Request to Appeal
Delinquent Financial Obligations**

Department, Campus: _____

IMPORTANT - To appeal a delinquent financial obligation you **must** file this Notice of Request to Appeal form *within fifteen (15) calendar days* of the notification of the financial obligation. You may not appeal a delinquent financial obligation, which you have previously appealed. Instructions pertaining to the completion of this form are printed on the back.

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(To be completed by the appellant)

Date: _____

I, (Name of appellant) _____, Social Security No. (last 4 digits): _____, hereby request for a hearing to appeal sanction imposed for this (these) delinquent financial obligation(s) as follows:

<u>Date of Notification</u>	<u>Specific Financial Obligation (Library Fine, Returned Check, etc.)</u>	<u>Dept. Invoking Sanction</u>	<u>Amount of Obligation</u>
_____	_____	_____	_____
_____	_____	_____	_____

I believe: ☐ The financial obligation has been improperly assessed. (Explain briefly below)

☐ The sanction, which has been imposed, is excessive and unfair. (Explain briefly below)

☐ Other. (Explain briefly below)

I can be reached at:
local mailing address

phone:

Signed: _____

**Procedure for Request to Appeal
Delinquent Financial Obligations**

1. These hearing procedures do not apply to parking and traffic obligations or student loan obligations. Specific procedures for these types of appeals can be obtained from the campus Parking Office or General Accounting and Loan Collection Office.
2. Appellant completes the Notice of Request to Appeal form and returns it to the Office of the Vice President for Administration and Chief Financial Officer. Hearings will be granted only if the request is made within fifteen (15) days from the date of the notification of financial obligation.
3. The hearing officer will hear the case and render a decision within a reasonable time after receiving the request for a hearing. A notification of the hearing will be sent to the student by registered or certified mail with return receipt requested, not less than fifteen (15) days before the date of the hearing.
4. The hearing shall be informal in nature. Although the person requesting the hearing need not be present at the hearing, evidence and arguments may be presented in writing.
5. The hearing officer may confirm, modify, or cancel any sanctions imposed as may be appropriate under the circumstance.
6. The findings and conclusions of the hearing officer shall be binding for both parties. The findings and conclusions shall be in writing and shall be effective upon notification of the parties.